GOLDIN FINANCIAL HOLDINGS LIMITED
高銀金融(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 530)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

Reference is made to the preliminary announcement (the "**Unaudited Results Announcement**") of Goldin Financial Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 30 September 2020 in relation to the unaudited annual results for the year ended 30 June 2020 and the announcements of the Company dated 30 October 2020 and 4 January 2021 in relation to, among others, the delay in the publication of the Company's audited annual results announcement for the year ended 30 June 2020 and the despatch of the Company's annual report for the year ended 30 June 2020. Capitalised terms used in this announcement shall bear the same meanings as those defined in the Unaudited Results Announcement unless the context requires otherwise.

The Board is pleased to announce that the audit process of the consolidated financial statements of the Group for the year ended 30 June 2020 has been completed, and the annual consolidated results of the Group for the year ended 30 June 2020, together with the comparative figures for the year ended 30 June 2019 are set out as follows.

* *for identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 30 June 2020

	Notes	2020	2019
		HK$'000	*HK$'000*
REVENUE			
Revenue from contracts with customers	*4*	**223,457**	335,837
Interest income from factoring services	*4*	**203,323**	138,877
Revenue from other sources	*4*	**162,307**	129,316
		589,087	604,030
Cost of sales		**(151,385)**	(144,985)
Gross profit		**437,702**	459,045
Other income and gains		**6,459**	2,872
Gain on disposal of subsidiaries		**—**	5,727,940
Change in fair value of investment properties		**(3,495,923)**	1,299,664
Impairment losses of items of property, plant and equipment		**(166,969)**	—
Write-down of properties under development		**(2,786,409)**	—
Selling and distribution expenses		**(9,877)**	(10,219)
Administrative expenses		**(385,924)**	(305,050)
Finance costs	*6*	**(1,027,452)**	(773,292)
PROFIT/(LOSS) BEFORE TAX	*5*	**(7,428,393)**	6,400,960
Income tax expense	*7*	**(35,574)**	(32,756)
PROFIT/(LOSS) FOR THE YEAR		**(7,463,967)**	6,368,204

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Year ended 30 June 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(137,508)**	(182,652)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(137,508)**	(182,652)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(7,601,475)**	6,185,552
Profit/(loss) for the year attributable to:			
Owners of the Company		**(7,461,084)**	6,255,025
Non-controlling interests		**(2,883)**	113,179
		(7,463,967)	6,368,204
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(7,598,592)**	6,072,373
Non-controlling interests		**(2,883)**	113,179
		(7,601,475)	6,185,552
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**HK(106.73) cents**	HK89.48 cents
Diluted		**HK(106.73) cents**	HK89.23 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,674,871**	1,887,471
Investment properties		**15,000,000**	18,500,000
Prepaid land lease payments		**—**	44,007
Intangible assets		**104,104**	111,654
Vines		**14,171**	15,150
Prepayment		**639,793**	—
Deferred tax assets		**18,854**	1,210
Total non-current assets		**17,451,793**	20,559,492
CURRENT ASSETS			
Inventories		**768,421**	160,573
Properties under development		**—**	9,202,358
Prepayments, other receivables and other assets		**17,533**	17,097
Trade receivables	*9*	**3,886,855**	3,968,615
Due from related companies		**8,875**	144,186
Pledged deposits		**14,159**	346,590
Cash and cash equivalents		**23,170**	3,884,371
		4,719,013	17,723,790
Assets of a disposal group classified as held for sale	*11*	**7,000,025**	—
Total current assets		**11,719,038**	17,723,790
CURRENT LIABILITIES			
Trade payables	*10*	**405,472**	388,531
Accruals and other payables		**1,018,755**	867,858
Due to related companies		**9,825**	8,085
Due to a director		**18,174**	—
Tax payable		**126,321**	87,654
Interest-bearing bank and other borrowings		**12,284,883**	8,775,972
Loan from a non-controlling shareholder		**—**	2,137,904
		13,863,430	12,266,004
Liabilities directly associated with the assets classified as held for sale	*11*	**3,607,196**	—
Total current liabilities		**17,470,626**	12,266,004
NET CURRENT ASSETS/(LIABILITIES)		**(5,751,588)**	5,457,786
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,700,205**	26,017,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2020

	2020	2019
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other payables	**41,099**	42,850
Interest-bearing bank and other borrowings	**897**	6,589,225
Deferred tax liabilities	**20,173**	20,581
Total non-current liabilities	**62,169**	6,652,656
Net assets	**11,638,036**	19,364,622
EQUITY		
Equity attributable to owners of the Company		
Share capital	**699,065**	699,065
Reserves	**10,938,971**	18,672,685
	11,638,036	19,371,750
Non-controlling interests	**—**	(7,128)
Total equity	**11,638,036**	19,364,622

NOTES

1. CORPORATE AND GROUP INFORMATION

Goldin Financial Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 25/F, Goldin Financial Global Centre, 17 Kai Cheung Road, Kowloon Bay, Hong Kong.

The Company is a subsidiary of Goldin Global Holdings Limited which is incorporated in the British Virgin Islands ("**BVI**"). In the opinion of the directors, the Company's ultimate holding company is Goldin Real Estate Financial Holdings Limited, a company incorporated in the BVI.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries during the year consisted of the provision of factoring services, financial investment, winery and wine related business, property development and investment and operation of restaurants.

2.1 BASIS OF PRESENTATION

For the year ended 30 June 2020, the Group reported a net loss of approximately HK$7,464 million and as at 30 June 2020, the Group had net current liabilities of approximately HK$5,752 million and capital commitments of approximately HK$4,342 million. As at 30 June 2020, the Group had total bank and other borrowings, and accrued loan interest and charges payables of approximately HK$15,848 million and HK$449 million, respectively, which were repayable on demand or within 12 months from 30 June 2020. In addition, as at 30 June 2020, approximately HK$10,178 million and HK$376 million of the Group's bank and other borrowings and accrued loan interest and charges payables, respectively, were overdue and repayable on demand, as the Group had breached certain financial covenants (the "**Breaches**") in respect of these loan facilities with principal amounts of approximately HK$6,800 million (the "**Senior Notes**") and HK$3,378 million (the "**Mezzanine Loan**") (collectively the "**Defaulted Borrowings**").

As a result of the Breaches, the security agents of the Senior Notes and the Mezzanine Loan have appointed receivers (the "**Receivers**") over the security assets, including, inter alia, (i) the Group's investment properties with an aggregate carrying amount of HK$15 billion as at 30 June 2020; and (ii) 100% of the issued share capital and all assets and undertakings of Smart Edge Limited ("**Smart Edge**"), Cheng Mei Holdings Limited ("**Cheng Mei**") and Goal Eagle Limited ("**Goal Eagle**"), provided under the Senior Notes and the Mezzanine Loan in July and October 2020, respectively (the "**Receivership Appointments**"). In addition, on 7 October 2020, the Company received a notification of a petition dated 7 August 2020 (the "**Winding-up Petition**") and an application (the "**JPL Application**") presented by the security agent of the Mezzanine Loan to the Supreme Court of Bermuda for the winding-up and appointment of joint provisional liquidators of the Company (as guarantor of the Defaulted Borrowings), respectively. The Group's failure to repay the Defaulted Borrowings also constituted an event of default of another bank loan of approximately HK$1,978 million as at 30 June 2020 ("**Other Bank Loan**"), which, as a consequence, became repayable on demand.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has implemented, or is in the process of implementing, the following plans and measures to mitigate the liquidity pressure and to improve its financial position:

(a) on 27 July 2020, the Group entered into a sale and purchase agreement with an independent third party for the disposal of Rich Fast International Limited ("**Rich Fast**"), which held a piece of land situated at Kai Tak, Kowloon, and had a bank borrowing of approximately HK$3,563 million (the "**Kai Tak Loan**") as at 30 June 2020, at a cash consideration of approximately HK$3,477 million (the "**Kai Tak Disposal**"). The Kai Tak Disposal was completed on 27 July 2020 and the Group received cash proceeds of approximately HK$3,420 million, net of transaction costs. The Kai Tak Loan was derecognised by the Group upon the completion of the disposal of Rich Fast;

(b) on 2 September 2020, the Group entered into a term sheet with an independent third party (the "**Factoring Business Buyer**") for the disposal of Goldin Factoring Limited ("**Goldin Factoring**") and its subsidiary at a cash consideration of approximately HK$2,050 million (the "**Factoring Business Disposal**"), subject to adjustment on the final consideration on completion. On 12 December 2020, the Group further entered into a supplemental term sheet with the Factoring Business Buyer to extend the period for the due diligence exercise by the Factoring Business Buyer to January 2021. Completion of the Factoring Business Disposal is expected to take place in February 2021 and the proceeds arising from such disposal will be used for the settlement of the Group's bank borrowings and as general working capital requirements;

(c) on 28 October 2020, the Group entered into a confirmatory deed (the "**Confirmatory Deed**") with Goldin Investment Intermediary Limited ("**GIIL**"), a company 60% ultimately owned by Mr. Pan, and pursuant to which, inter alia, GIIL irrevocably agreed that completion of the acquisition of the entire equity interest in Solar Time Developments Limited ("**Solar Time**") be extended to the third business day after a written notice is served on GIIL by the Group of its intention and readiness to complete the acquisition. Mr. Pan has undertaken that the Group could settle the outstanding consideration by way of a shareholder's loan, if necessary, by utilising a loan facility provided by a company controlled by him;

(d) on 29 September 2020, the Group entered into a provisional sale and purchase agreement (the "**Provisional SPA**") with Hundred Gain International Holding Limited (the "**Purchaser**"), an independent third party, to conditionally sell and assign the entire issued share capital of Cheng Mei and Goal Eagle and the debts owing by them to the Group at an aggregate consideration of HK$14.3 billion (the "**Properties Group Disposal**"). Cheng Mei and Goal Eagle, subsidiaries of the Group, altogether hold 100% issued share capital of Smart Edge, which in turn holds the Group's investment properties with a carrying value of HK$15 billion as at 30 June 2020. However, as a result of the Receivership Appointments, the Purchaser has subsequently entered into an agreement for the sale and purchase of Smart Edge with the Receivers as further discussed in (e) below and accordingly, the Purchaser informed the Group for the termination of the Provisional SPA on 28 December 2020;

(e) on 23 December 2020, it was confirmed to the Group by the Receivers that the Receivers and the Purchaser have entered into a sale and purchase agreement (the "**SE Disposal Agreement**") in respect of 100% equity interest of Smart Edge (the "**SE Disposal**"). On 31 December 2020, the Receivers further informed the Group that the funds to be received by them upon the successful completion of the SE Disposal pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness relating to the Defaulted Borrowings in full. On 6 January 2021, the Receivers further informed the Company that the Purchaser had paid deposits (including very substantial non-refundable deposits) to the Receivers according to the SE Disposal Agreement. However, no further information has been provided as it was claimed by the Receivers that the Receivers are obligated to keep the SE Disposal Agreement and its contents strictly private and confidential. Further details of the SE Disposal are set out in the Company's announcements dated 23 December 2020 and 10 January 2021;

(f) Mr. Pan Sutong ("**Mr. Pan**") has undertaken to provide additional funding to finance the Group's operations as and when necessary, and not to demand the repayment of amounts due to him or companies controlled by him until the Group is in a position to repay without impairing its liquidity position; and

(g) management will consider other financing arrangements with a view to improving the Group's liquidity and financial position.

The directors of the Company, including the members of the audit committee, have reviewed the Group's cash flow forecast prepared by management. The cash flow forecast covers a period of 12 months from the end of the reporting period. The directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period. Furthermore, the directors of the Company expect that upon completion of the SE Disposal and the Factoring Business Disposal, the Group will be able to fully repay the Defaulted Borrowings and the Other Bank Loan. And after the full repayment and settlement of the Defaulted Borrowings and related charges and expenses, the receivership appointment over Cheng Mei, Goal Eagle and Smart Edge will be terminated, and the Winding-up Petition and the JPL Application will also be withdrawn and/or dismissed. Accordingly, the directors are satisfied that it is appropriate to prepare these consolidated financial statements of the Group for the year ended 30 June 2020 on a going concern basis.

Notwithstanding the above, multiple material uncertainties exist as to whether the Group will be able to continue as a going concern depending upon the Group's ability to generate adequate cash flows through the following:

(i) successfully completing the SE Disposal and the Factoring Business Disposal in accordance with the terms and conditions, amounts and timing anticipated by the Company and using the sale proceeds to repay the Defaulted Borrowings and the Other Bank Loan;

(ii) successfully obtaining agreement with the lenders and the Receivers of the Defaulted Borrowings for the settlement arrangement of the Defaulted Borrowings and the settlement of all legal proceedings, which include, inter alia, the withdrawal of the Winding-up Petition and the JPL Application against the Company;

(iii) successfully obtaining agreement from the lender of the Other Bank Loan that they will not demand for the immediate repayment of the Other Bank Loan; and

(iv) successfully obtaining other financial resources, including but not limited to advances from its controlling shareholder and/or companies controlled by its controlling shareholder so as to enable the Group to have adequate working capital during the year ending 30 June 2021 and to repay its matured and maturing debts from time to time.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and vines, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 June 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015–2017 Cycle* which are not relevant to the preparation of the Group's financial statements, the nature and impact of the new HKFRSs are described below:

HKFRS 16 *Leases*

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Accordingly, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 July 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for leasehold land, office properties and warehouses. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the risks and rewards of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for an elective exemption for leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 July 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 July 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019 and included in accruals and other payables. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 July 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as part of the elements of property, plant and equipment in the consolidated statement of financial position.

As at 1 July 2019, the right-of use assets also included the prepayment for a leasehold land of HK$45,277,000 that was reclassified from prepaid land lease payments and prepayments, other receivables and other assets.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in "Investment properties" and measured at fair value, the Group has continued to include them as "Investment properties" at 1 July 2019. They continue to be measured at fair value applying HKAS 40.

The Group has applied the short-term lease exemption to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 July 2019.

Financial impact at 1 July 2019

The impact arising from the adoption of HKFRS 16 as at 1 July 2019 was as follows:

	Increase/ (decrease) *HK$'000*
Assets	
Right-of-use assets (included under property, plant and equipment)	46,658
Prepaid land lease payments	(44,007)
Prepayments, other receivables and other assets	(1,270)
Total assets	1,381
Liabilities	
Accruals and other payables	1,381
Total liabilities	1,381

The lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as at 30 June 2019 are as follows:

	HK$'000
Operating lease commitments as at 30 June 2019	4,251
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 30 June 2020	(2,817)
	1,434
Weighted average incremental borrowing rate as at 1 July 2019	4.75%
Lease liabilities as at 1 July 2019	1,381

HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intragroup transactions. Based on the Group's tax compliance study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authority. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products, and has four reportable operating segments as follows:

(a) the property segment engages in property development and investment;

(b) the winery and wine related segment engages in the trading of wines, wine storage, and the operation of vineyards and restaurants;

(c) the factoring segment engages in the provision of factoring services; and

(d) the financial investments segment engages in securities and derivative investment and trading and investment in financial instruments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income on bank balances, corporate sundry income, non-lease-related finance costs, as well as corporate administrative expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and bank balances, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 30 June 2020

	Property HK$'000	Winery and wine related HK$'000	Factoring HK$'000	Financial investments HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenue						
Sales to external customers	228,762	157,002	203,323	—	—	589,087
Intersegment sales	36,519	—	—	—	(36,519)	—
Total	265,281	157,002	203,323	—	(36,519)	589,087
Segment results	(6,165,374)	(283,071)	157,638	(2,669)	(36,519)	(6,329,995)
Reconciliation						
Unallocated other income						4,919
Corporate administrative expenses						(75,865)
Finance costs						(1,027,452)
Loss before tax						(7,428,393)
Segment assets	22,098,859	2,724,459	3,667,919	15	—	28,491,252
Reconciliation						
Corporate and unallocated assets						679,579
Total assets						29,170,831
Segment liabilities	14,309,733	385,020	2,457,430	2	—	17,152,185
Reconciliation						
Corporate and unallocated liabilities						380,610
Total liabilities						17,532,795
Other segment information						
Depreciation	17,424	50,525	3,297	—	—	71,246
Unallocated						410
						71,656
Additions to property, plant and equipment	—	24,650	13,962	—	—	38,612
Unallocated						847
						39,459
Impairment of intangible assets						(5,700)
Amortisation of intangible assets	—	916	—	—	—	916
Additions to investment properties	11,480	—	—	—	—	11,480
Additions to vines	—	5,800	—	—	—	5,800
Decrease in fair value of vines	—	(2,717)	—	—	—	(2,717)
Decrease in fair value of investment properties	(3,495,923)	—	—	—	—	(3,495,923)
Impairment losses of items of property, plant and equipment	—	(166,969)	—	—	—	(166,969)
Impairment losses of trade receivables	—	—	(19,099)	—	—	(19,099)
Write-down of properties under development	(2,786,409)	—	—	—	—	(2,786,409)
Write-down of inventories	—	(5,458)	—	—	—	(5,458)

Year ended 30 June 2019

	Property *HK$'000*	Winery and wine related *HK$'000*	Factoring *HK$'000*	Financial investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Sales to external customers	166,578	298,575	138,877	—	—	604,030
Intersegment sales	33,574	—	—	—	(33,574)	—
Total	200,152	298,575	138,877	—	(33,574)	604,030
Segment results:	1,366,761	47,317	113,285	(2,770)	(33,574)	1,491,019
Reconciliation						
Unallocated other income						679
Corporate administrative expenses						(45,386)
Gain on disposal of subsidiaries						5,727,940
Finance costs						(773,292)
Profit before tax						6,400,960
Segment assets	27,997,983	2,472,717	3,625,897	15	—	34,096,612
Reconciliation						
Corporate and unallocated assets						4,186,670
Total assets						38,283,282
Segment liabilities	15,909,479	317,984	2,405,516	—	—	18,632,979
Reconciliation						
Corporate and unallocated liabilities						285,681
Total liabilities						18,918,660
Other segment information:						
Depreciation	17,378	49,986	299	—	—	67,663
Unallocated						195
						67,858
Additions to property, plant and equipment	3,597	4,696	—	—	—	8,293
Unallocated						197
						8,490
Amortisation of intangible assets	—	919	—	—	—	919
Amortisation of prepaid land lease payments	—	1,283	—	—	—	1,283
Additions to investment properties	200	—	—	—	—	200
Additions to vines	—	5,581	—	—	—	5,581
Decrease in fair value of vines	—	(534)	—	—	—	(534)
Increase in fair value of investment properties	1,299,664	—	—	—	—	1,299,664

Geographical information

(a) Revenue from external customers

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**294,860**	234,992
Mainland China	**275,897**	344,896
United States	**15,870**	18,175
France	**2,460**	5,967
	589,087	604,030

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**15,658,002**	18,569,178
Mainland China	**1,359,911**	1,562,275
United States	**302,741**	311,532
France	**112,285**	115,297
	17,432,939	20,558,282

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of HK$168,284,000 (2019: HK$129,377,000) was derived from one customer in the factoring segment.

4. REVENUE

An analysis of the Group's revenue is as follows:

	2020 *HK$'000*	2019 *HK$'000*
Revenue from contracts with customers		
Sale of wines	**80,888**	207,087
Restaurants operations	**66,027**	68,334
Provision of wine storage services	**10,087**	23,154
Property management and related income	**35,726**	31,718
Project management fee income	**30,729**	5,544
	223,457	335,837
Interest income		
Interest income from factoring services	**203,323**	138,877
Revenue from other sources		
Gross rental income from investment property operating lease — with fixed lease payments	**162,307**	129,316
	589,087	604,030

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2020 *HK$'000*	2019 *HK$'000*
Cost of inventories sold	**68,340**	73,154
Direct operating expenses arising from rental-earning investment properties	**77,587**	71,831
Depreciation of owned assets	**68,186**	67,858
Less: Amount included in inventory overheads	**(4,296)**	(4,389)
	63,890	63,469
Depreciation of right-of-use assets (2019: amortisation of land lease payments)	**3,470**	1,283
Amortisation of intangible assets	**916**	919
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**151,906**	150,520
Retirement benefit scheme contributions	**3,890**	3,505
Less: Amount capitalised	**(6,626)**	(22,989)
	149,170	131,036

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**1,598,783**	1,801,692
Interest on lease liabilities	**282**	—
Less: Interest capitalised	**(571,613)**	(1,206,979)
	1,027,452	594,713
Finance costs on early repayment of bank and other borrowings	**—**	178,579
	1,027,452	773,292

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 of assessable profits of this subsidiary was taxed at 8.25% and the remaining assessable profits were taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2020	2019
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**—**	6,809
Overprovision in prior years	**(90)**	(602)
Current — Elsewhere		
Charge for the year	**53,650**	26,345
Deferred		
Charge for the year	**(17,986)**	204
Tax charge for the year	**35,574**	32,756

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/loss per share amount is based on the profit/loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 6,990,652,000 in issue during the year ended 30 June 2020 (2019: 6,990,652,000).

The calculation of the diluted earnings/loss per share amount is based on the profit/loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, which was used in the basic earnings/loss per share calculation, plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has made to the basic loss per share amount presented for the year ended 30 June 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2020	2019
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**(7,461,084)**	6,255,025

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**6,990,652,000**	6,990,652,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**—**	19,031,000
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation	**6,990,652,000**	7,009,683,000

9. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**3,911,811**	3,974,910
Impairment	**(24,956)**	(6,295)
	3,886,855	3,968,615

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Less than 121 days	**2,736,539**	3,655,553
121 to 150 days	**910,295**	4,631
151 to 180 days	**2,855**	1,699
181 to 365 days	**17,470**	142,047
Over 1 year	**219,696**	164,685
	3,886,855	3,968,615

10. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Less than 121 days	**295,428**	385,899
121 to 150 days	**107,393**	973
151 to 180 days	**912**	—
181 to 365 days	**1,728**	1,648
Over 1 year	**11**	11
	405,472	388,531

Trade payables are non-interest-bearing and the payment terms are stipulated in the relevant contracts.

11. ASSETS/LIABILITIES OF A DISPOSAL GROUP

On 10 May 2020, the Group entered into a sale and purchase agreement (the "**GF SPA**") with an independent third party to dispose of its entire equity interest in Gold Flair Holdings Limited ("**Gold Flair**"), the holding company of Rich Fast (collectively the "**GF Group**"), and the related shareholder's loan at an aggregate consideration of HK$7,040 million. Further details of which are set out in the Company's announcement dated 10 May 2020.

The assets and liabilities of the GF Group (excluding inter-company loans and amounts due from/to group companies which are eliminated on consolidation) as at 30 June 2020 are as follows:

	HK$'000
Assets	
Properties under development	7,000,000
Prepayment	2
Pledged deposits	23
Assets classified as held for sale	7,000,025
Liabilities	
Trade payables	9,032
Accruals and other payables	34,935
Interest-bearing bank borrowing	3,563,229
Liabilities directly associated with the assets classified as held for sale	3,607,196
Net assets directly associated with the disposal group	3,392,829

Subsequent to the end of the reporting period, on 17 July 2020, the GF SPA was terminated and, on 27 July 2020, the Group further entered into a sale and purchase agreement (the "**RF SPA**") and a profit sharing agreement (the "**Profit Sharing Agreement**") with an independent third party to dispose of the entire equity interest in Rich Fast at a cash consideration of approximately HK$3,477 million. Further details of the RF SPA and the Profit Sharing Agreement are set out in the Company's announcement dated 28 July 2020.

12. EVENTS AFTER THE REPORTING PERIOD

(i) As further detailed in note 11 of this announcement, in May 2020, the Group entered into the GF SPA with an independent third party to dispose of its entire equity interest in Gold Flair at a cash consideration of HK$7,040 million. However, as certain conditions to completion were not fulfilled or waived, the GF SPA was terminated on 17 July 2020.

(ii) On 17 July 2020, the Group entered into a set of agreements, including a sale and purchase agreement and an option deed for the transfer of the entire equity interest in Rich Fast and a project management agreement in connection with the Group's properties under development (collectively, the "**Kai Tak Arrangement**"), with an independent third party. The Kai Tak Arrangement was terminated on 27 July 2020 and the Group incurred transaction costs of approximately HK$452 million for such termination.

(iii) On 27 July 2020, the Group entered into the RF SPA and the Profit Sharing Agreement with an independent third party for the Kai Tak Disposal and further details of which are disclosed in note 11 of this announcement. The Kai Tak Disposal was completed on 27 July 2020 and the Group expected to recognise a gain on disposal of approximately HK$27 million.

(iv) On 2 September 2020, the Group entered into a term sheet with the Factoring Business Buyer for the Factoring Business Disposal. Goldin Factoring and its subsidiary (collectively the "**Factoring Group**") are principally engaged in the provision of factoring services and as at the date of approval of these consolidated financial statements, completion of the Factoring Business Disposal is subject to and conditional upon the fulfilment of, inter alia, (i) the completion of the due diligence exercise on the Factoring Group by the Factoring Business Buyer; (ii) the approval from a bank of the Factoring Group in respect of a bank facility for a loan amount not exceeding HK$2,000 million; and (iii) the conclusion of a formal agreement for the Factoring Business Disposal. On 12 December 2020, the Group further entered into a supplemental term sheet with the Factoring Business Buyer to extend the period for the due diligence exercise by the Factoring Business Buyer to January 2021. Further details of the Factoring Business Disposal are set out in the Company's announcements dated 4 September 2020 and 14 December 2020.

(v) On 29 September 2020, the Group entered into the Provisional SPA with the Purchaser for the Properties Group Disposal. Cheng Mei and Goal Eagle, subsidiaries of the Group, altogether hold 100% issued share capital of Smart Edge, which in turns holds the Group's investment properties. However, as a result of the Receivership Appointments, the Purchaser has subsequently entered into the SE Disposal Agreement with the Receivers and accordingly, the Purchaser informed the Group for the termination of the Provisional SPA on 28 December 2020. Further details of the Properties Group Disposal are set out in the Company's announcement dated 16 October 2020.

(vi) On 9 October 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with an independent placing agent (the "**Placing Agent**") and pursuant to which the Company conditionally agreed to place through the Placing Agent up to an aggregate of 1,398,130,398 new ordinary shares of the Company at a price of HK$1 per share (the "**Shares Placement**"). The Shares Placement was subsequently terminated upon the conclusion of a termination agreement between the Company and the Placing Agent on 13 November 2020.

(vii) On 23 December 2020, it was confirmed to the Group by the Receivers that the Receivers and the Purchaser have entered into the SE Disposal Agreement in respect of the SE Disposal. On 31 December 2020, the Receivers further informed the Group that the funds to be received by them upon the successful completion of the SE Disposal pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness relating to the Defaulted Borrowings in full. On 6 January 2021, the Receivers further informed the Company that the Purchaser had paid deposits (including very substantial non-refundable deposits) to the Receivers according to the SE Disposal Agreement. However, no further information has been provided as it was claimed by the Receivers that the Receivers are obligated to keep the SE Disposal Agreement and its contents strictly private and confidential. Further details of the SE Disposal are set out in the Company's announcements dated 23 December 2020 and 10 January 2021.

(viii) Details of the Receivership Appointments, the Winding-up Petition, and the JPL Application, which occurred subsequent to the reporting period, are set out in note 2.1 and the section headed "Litigations" to this announcement.

MATERIAL DIFFERENCES BETWEEN THE ANNUAL RESULTS IN THE UNAUDITED RESULTS ANNOUNCEMENT AND THE ANNUAL RESULTS IN THIS ANNOUNCEMENT

As the financial information contained in the Unaudited Results Announcement has neither been audited nor agreed with the Company's auditor as at the date of its publication and subsequent adjustments have been made to such information, the shareholders and potential investors of the Company are advised to pay attention to the material differences between the annual results set out in the Unaudited Results Announcement and the annual results disclosed in this announcement, the principal details and reasons for which pursuant to Rule 13.49(3)(ii)(b) of the Listing Rules are set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020 *HK$'000* (Disclosed in the Unaudited Results Announcement)	**2020** *HK$'000* (Disclosed in this announcement)	**Difference** *HK$'000*	*Notes*
Change in fair value of investment properties	(2,195,923)	(3,495,923)	(1,300,000)	*1*
Impairment losses of items of property, plant and equipment	(147,441)	(166,969)	(19,528)	*2*
Administrative expenses	(342,058)	(385,924)	(43,866)	*4*
Loss before tax	(6,064,999)	(7,428,393)	(1,363,394)	
Loss after tax	(6,100,573)	(7,463,967)	(1,363,394)	
Other comprehensive loss				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(138,271)	(137,508)	763	*4*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 *HK$'000* (Disclosed in the Unaudited Results Announcement)	2020 *HK$'000* (Disclosed in this announcement)	Difference *HK$'000*	*Notes*
Non-current assets				
Property, plant and equipment	1,674,871	1,674,871	—	*2, 3*
Investment properties	16,300,000	15,000,000	(1,300,000)	*1*
Total non-current assets	18,751,793	17,451,793	(1,300,000)	
Current assets				
Pledged deposits	14,182	14,159	(23)	*5*
Cash and bank balances	23,147	23,170	23	*5*
Total current assets	11,719,038	11,719,038	—	
Current liabilities				
Accruals and other payables	956,124	1,018,755	62,631	*3, 4*
Total current liabilities	17,407,995	17,470,626	62,631	

Notes:

1. The change was resulted from the finalisation of the valuation of the Group's investment properties as at 30 June 2020. The investment properties were valued by an independent firm of professionally qualified valuers, on an open market, existing use basis.

2. The change was resulted from the finalisation of the impairment assessment of property, plant and equipment and the additional impairment losses amounted to HK$19,528,000 was due to additional costs recognised for property, plant and equipment as mentioned in note 3 below.

3. The change was resulted from the accrual of additional construction cost amounted to HK$19,528,000 for property, plant and equipment due to a claim made by a contractor.

4. The change was resulted from the accrual of overdue interest amounted to HK$43,103,000 payable to a contractor due to a claim made by a contractor and exchange difference amounted to HK$763,000 arising from translation of foreign operations.

5. The change was resulted from reclassification of pledged deposit to cash and bank balances.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For FY2020, the Group recorded revenue of approximately HK$589.1 million, representing a slight decrease of 2.47% from the revenue of approximately HK$604.0 million for the year ended 30 June 2019 ("**FY2019**"). The decrease in revenue was mainly attributable to the significant drop in revenues from the wine and related businesses, which the drop was however, largely offset by the increase in revenues generated by the Group's real estate businesses and the factoring business. Gross profit for the year amounted to HK$437.7 million, decrease by 4.6% compared with that of HK$459.0 million in FY2019. The decrease in gross profit was mainly attributable to the drop in revenues from the wine and related businesses for the year. The Group recorded a substantial loss attributable to owners of the Company of HK$7,461.1 million for FY2020 as compared to a profit of HK$6,255.0 million for the last year. The substantial loss for FY2020 was mainly attributable to the Group's (i) write-down of its properties under development in relation to the Kai Tak residential project of approximately HK$2,786.4 million; (ii) decrease in the fair value of the investment properties of approximately HK$3,495.9 million (as compared with an increase of approximately HK$1,299.7 million for the FY2019) as a result of the decline in prices and rental yields in the Hong Kong properties market; (iii) impairment loss on certain property, plant and equipment of the Group of approximately HK$167.0 million as a result of the review of recent business performance of the Group's wine and related businesses; and (iv) increase in finance and related costs of approximately HK$254.1 million incurred for certain existing borrowings. The write-down of properties under development is an one-off event, and the fair value loss and the impairment loss is non-cash item. The Group will continue to look out for opportunities to realise the value of its assets and to reduce the existing borrowings and enhance its financial flexibility.

BUSINESS REVIEW

The FY2020 was a challenging year for the Group. Business performance of all our core segments was under pressure due to the crippling effects of the social unrest and the coronavirus pandemic.

Real Estate Business

Property Investment

In 2020, the COVID-19 pandemic aggravated the economic risks in Hong Kong further from the ongoing sociopolitical unrest since June 2019. Leasing demand for Grade-A offices in the city softened. Corporates were more cost-conscious, with some MNCs, trading firms and co-working operators continued to downsize during the year, pushing up the overall vacancies of the city to 8.8% at end of June 2020. The leasing rentals had declined across the traditional central business district ("**CBD**") and office sub-markets where both Hong Kong Island and Kowloon reported a year-on-year drop of 10.1% and 11.4% respectively[#]. Meanwhile, the trend of office decentralization from the CBD to the lower rents office submarkets, particularly Kowloon East as the prominent alternative central business district ("**CBD2**"), was steady for the FY2020.

[#] Source: Market statistics of CBRE, JLL and Savills (Q2 2020)

The Group's investment properties, Goldin Financial Global Centre, which is located in the CBD2, Kowloon East, is a premium Grade-A office building. It provides approximately 800,000 square feet (sq.ft.) of premium office space and approximately 100,000 sq.ft. of fine dining area. In FY2020, rental income, revenue from property management services and project management services amounted to HK$228.8 million (FY2019: HK$166.6 million), up by 37.3% compared with FY2019. The general decline in market rents and the weak investor sentiment amid the COVID-19 outbreak affected the valuation of the commercial properties in Hong Kong. As a result, the Group recorded a fair value decrease of approximately HK$3,495.9 million for Goldin Financial Global Centre (as compared with an increase of approximately HK$1,299.7 million for FY2019). The property business segment recorded a loss of HK$6,165.4 million in the current year, against a profit of HK$1,336.8 million for FY2019.

In late September 2019, the Company announced the proposed acquisition of the entire issued share capital of Solar Time Developments Limited ("**Solar Time**") at the consideration of HK$4,598.0 million (the "**Solar Time Acquisition**"). Solar Time held the entire equity interests in Goldin Financial Global Square Limited, which holds the land site known as New Kowloon Inland Lot No.5948, 7 Wang Tai Road, Kowloon Bay that will be redeveloped into a Grade-A office building. The Solar Time Acquisition was approved by shareholders of the Company in the Special General Meeting held on 18 December 2019. The Solar Time Acquisition has yet to be completed.

Property Development

The Group acquired, by way of a government tender, 60% interest in its Kai Tak residential development project (the "**Development**") through its indirectly 60% owned subsidiary, Rich Fast International Limited ("**Rich Fast**") in December 2018. The Development is located at Kai Tak Area 4B Site 4, Kai Tak, Kowloon with a maximum developable gross floor area of 53,394 sq.m. The formulation of development plan had been underway and the Development was scheduled to be completed on or before 30 September 2024. During the FY2020, the Group completed the acquisition of the remaining 40% equity interest in the Development and become the sole developer of the Development.

With the rising challenge of the business environment brought by the weakening of global economy and the decline of economic activities in Hong Kong, showing signs of economic contraction, the property development market in Hong Kong became uncertain in the long run. To take into account the significant capital required for the Development in its preliminary stage, the Group adopted a prudent approach by planning to dispose of the Development so as to retain more cash for the Group's existing business, and to offset negative impact of the uncertainties in the property market and the overall economic downturn in Hong Kong. On 10 May 2020, the Group entered into a sale and purchase agreement (the "**GF SPA**") to dispose of its entire equity interest in Gold Flair Holdings Limited ("**Gold Flair**"), the holding company of Rich Fast and the related shareholder's loan at an aggregate consideration of HK$7,040.5 million. The Group intended to apply the proceeds from the disposal of the Development to reduce the Group's borrowings, thereby enhancing its financial flexibility, further details of which are set out in the Company's announcement dated 10 May 2020. Based on a valuation performed by an independent valuer, the Group recorded a write-down of properties under development amounted to HK$2,786.4 million as at 30 June 2020 as a result of the decline in prices of residential land in Hong Kong.

Subsequent to the FY2020, the GF SPA was terminated and, on 27 July 2020, the Group further entered into a sale and purchase agreement and a profit sharing agreement with an independent third party to dispose of the entire equity interest in Rich Fast at a cash consideration of approximately HK$3,477.3 million. The disposal was completed on 27 July 2020 and the bridging loan associated with the acquisition of the Kai Tak land of approximately HK$3,563.2 million was derecognised upon completion of the disposal of Rich Fast. The profit sharing agreement provides a mechanism for the Group to share the potential upside in the Development if the future sale prices of the units exceed the target agreed with the purchaser. Please refer to the announcements of the Company dated 23 July 2020, 28 July 2020 and 30 July 2020, respectively for further details.

Wine and Related Businesses

Based on the latest information of OIV (International Organisation of Vine and Wine), the global wine trade in the first half of 2020 was delicate due to the pandemic impacts. This saw the unprecedented halts at the logistics points like ports and airports, and at the points of consumption such as cafes, bars and restaurants. As a result, the world wine trade simultaneously shrank, and the global wine merchants tend to deplete their wine stock in the near term.

The China's wine market became mellow following the nationwide shutdown measures in order to battle with the pandemic outbreaks. The volume and value of the total wine imports for the first six months of 2020 fell 31.7% and 34.8% respectively (source from 華經情報網). Meanwhile, the persistent uncertainties in the China-US trade tensions and the economic contraction brought by the global pandemic had dampened the investment sentiment for the Chinese investors and wine collectors in premium wines, especially the American wines on which the retaliatory tariff increased to 93% in 2019 due to the trade war between the two countries. Facing these headwinds, the Group recorded a significant drop in revenue from its wine trading business during the FY2020.

In FY2020, the wine and related businesses recorded revenues (including income in the form of storage fees and income from the restaurant operations) of approximately HK$157.0 million (FY2019: HK$298.6 million), which represented a decrease of 47.4%. The drop was mainly due to the loss in revenue generated by the wine trading business during FY2020. The Group traded its premium wines at a much lower profit margin in the year and thus brought the overall gross profit margin for the wine and related businesses dropped to 53.0% as at the end of FY2020 against the figure of 75.5% for the last year. Given the significant drop in the business performance of the wine and related businesses during the year, impairment assessments were performed for each cash-generating unit within this segment. The Group recognized an impairment loss on certain property, plant and equipment in respect of the Group's wine cellar and the restaurant operation in an aggregate amount of approximately HK$167.0 million as a result of the review of their business performance. Coupled with this, the wine and related businesses reported a loss for this segment of approximately HK$283.1 million for FY2020, in contrast to the profit of approximately HK$47.3 million for FY2019.

Factoring

The global trade has been disrupted by the pandemic outbreaks as many countries imposed border closure measures. According to the World Bank forecasts, it is expected that the global economy will contract sharply by 5.2% for the year, and shall experience the largest declines in per capita output in over a century.

The escalating China-US trade tensions as well as the exchange rate fluctuation significantly increased the credit risk for the small and medium-sized enterprises ("**SMEs**") in China. Traditional banks tightened their credit policy toward the SMEs, driving them to turn to other avenues for financing, such as shadow banks to obtain necessary funds for their business at a higher borrowing cost. Amid the credit crunch, the Group had increased the handling fees and interests charged to its factoring clients.

The factoring business of the Group recorded a 46.4% increase in revenue to approximately HK$203.3 million for FY2020 (FY2019: HK$138.9 million). The increase was mainly due to the increased fees and interests charged to the factoring clients in the current year. Profit from this business segment increased by 39.1% to approximately HK$157.6 million, compared with the HK$113.3 million for FY2019, which was mainly due to the increase in factoring revenues. On the other hand, as factoring business is highly capital intensive, the Group took out a working capital loan in late May 2019 to finance its factoring operations. As a result, the funding costs for the Group's factoring business in FY2020 had increased significantly to HK$177.0 million (FY2019: HK$15.2 million), rendering the factoring business to report a net loss of HK$68.2 million against a net profit of HK$55.5 million for FY2019.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 30 June 2020, the Group was in a net current liabilities position of approximately HK$5,751.6 million, as compared to the net current assets of approximately HK$5,457.8 million recorded at the end of FY2019. This was mainly because an aggregate amount of HK$6,800 million two-year senior notes drawn down in FY2019 was classified as current liabilities as at 30 June 2020 when the Group breached certain financial covenants of these bank borrowings, which primarily related to the occupancy rate of the Group's investment properties and the debt service coverage ratio (see further disclosure in the section headed "LITIGATIONS"). Cash and cash equivalents and pledged bank deposits totalled approximately HK$37.3 million, down by 99.1% compared with the HK$4,231.0 million at the end of FY2019, which was mainly due to the cash used in the investing and financing activities, which included general expenses, finance costs and payment for committed transaction of the Group.

As at 30 June 2020, the Group's interest-bearing bank and other borrowings (including the bridging loan in relation to the Kai Tak residential development project of approximately HK$3,563.2 million grouped under liabilities directly associated with the assets classified as held for sale) amounted to approximately HK$15,849.0 million (30 June 2019: HK$15,365.2 million). The slight increase was mainly due to the amortization of upfront fees incurred for the arrangement of bank and other borrowings. As aforementioned in the Business Review section, the bridging loan in relation to the Kai Tak residential development project was derecognised upon the disposal of Rich Fast in July 2020.

The Group maintained a borrowing facility of US$500 million (equivalent to HK$3,875.1 million) (30 June 2019: US$500 million (equivalent to HK$3,906.0 million)) from a related company in which Mr. Pan Sutong, the controlling shareholder of the Company, has a beneficial interest. None of the amount of the facilities had been utilized as at 30 June 2020.

As at 30 June 2020, the debt-to-total assets ratio, which is calculated as total bank and other borrowings ("**Total Debts**") divided by total assets of the Group, increased to 54.3% (30 June 2019: 40.1%). The ratio of net debts (Total Debts net of cash and cash equivalents and pledged bank deposits) divided by total assets was approximately 54.2% (30 June 2019: 29.1%).

Foreign Exchange

As the Group's key operations are located in Hong Kong, China, the US and France, its major assets and liabilities are primarily denominated in Hong Kong dollar, Renminbi, the US dollar and euro. While the Group has yet to formulate a formal policy on foreign currency hedging, it will, as always, continue to monitor its exposure to foreign exchange fluctuations carefully and may introduce appropriate hedging measures should the need arises.

LITIGATIONS

On 13 July 2020, in connection with the Senior Notes, Smart Edge received notifications concerning the appointment of Cosimo Borrelli ("**Mr. Borrelli**") and Ma Siu Ming Simon ("**Mr. Simon Ma**") as joint and several receivers and managers over the security assets provided under the Senior Notes, including the Group's investment properties with an aggregate value of HK$15 billion as at 30 June 2020, and the appointment of Mr. Borrelli, Mr. Simon Ma and Chi Lai Man Jocelyn ("**Ms. Jocelyn Chi**") as new directors of Smart Edge in place of the former directors of Smart Edge (the "**SE Former Directors**"). Further details are set out in the Company's announcement dated 15 July 2020.

On 14 July 2020, each of Matsunichi Goldbase Limited, the SE Former Directors and the Company commenced legal proceedings in the High Court of Hong Kong against the appointment of Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi in their respective capacities as receivers and directors of Smart Edge (correspondingly, the "**Matsunichi Action**", the "**SE Former Directors' Action**" and the "**Company Action**"). As at the date of this announcement, no hearing date has been fixed for the Matsunichi Action and the Company Action.

On 24 July 2020, Smart Edge (at the direction of its receivers and managers, Mr. Borrelli and Mr. Simon Ma) issued a writ against the SE Former Directors (the "**HCA Action**") seeking various injunctions and damages. On 27 July 2020, Smart Edge issued a summons in the HCA Action for the immediate granting of the injunctions (the "**Summons**"), (the Summons together with the SE Former Directors' Action hereafter, the "**Smart Edge Applications**"). On 31 July 2020, the application for the immediate granting of the injunctions was dismissed by the High Court of Hong Kong. The Smart Edge Applications were adjourned to be heard together on 29 October 2020. Further details are set out in the Company's announcements dated 28 July 2020 and 2 August 2020.

On 14 September 2020, Mr. Borrelli and Mr. Simon Ma (as receivers and managers of Smart Edge) took out a further originating summons for orders in respect of the alleged powers of the receivers and managers and their appointed directors over Smart Edge pending the determination of the Smart Edge Applications on 29 October 2020. On 25 September 2020, the High Court of Hong Kong ordered, inter alia, that pending determination of the Smart Edge Applications, (i) Mr. Borrelli and Mr. Simon Ma are entitled to exercise rights and powers granted to them under the security documents in respect of the Senior Notes unless and until they are lawfully removed from office by an order of the Court or otherwise; and (ii) Mr. Borrelli, Mr. Simon Ma and Ms. Jocelyn Chi are the only directors of Smart Edge until lawfully removed from office by an order of the Court or otherwise. Further details are set out in the Company's announcement dated 30 September 2020.

The Smart Edge Applications were heard together on 29 October 2020. At the hearing, the respective legal representatives for the SE Former Directors and Smart Edge reached agreement in respect of the Smart Edge Applications as set out in the announcement of the Company dated 30 October 2020. The High Court of Hong Kong accordingly made an order to give effect to the agreement, and dismissed the SE Former Directors' Action.

As at 30 June 2020, the outstanding principal and accrued interest and charges relating to the Senior Notes amounted to approximately HK$6,800 million and HK$213 million, respectively, and were included in the Group's interest-bearing bank and other borrowings and accruals and other payables, respectively.

In connection with the Mezzanine Loan, on 7 October 2020, the Company received notification from its Bermuda agent of receipt of the Winding-up Petition and the JPL Application. The hearing of the Winding-up Petition and the JPL Application scheduled on 9 October 2020 was subsequently adjourned to 12 February 2021. In addition, on 8 October 2020, Cheng Mei and Goal Eagle also received notifications from the security agent of the Mezzanine Loan that joint receivers have been appointed to Cheng Mei and Goal Eagle over the security assets provided under the Mezzanine Loan. Further details are set out in the Company's announcements dated 11 October 2020, 16 October 2020, 1 November 2020, 25 November 2020, 8 December 2020 and 10 January 2021.

As at 30 June 2020, the outstanding principal and accrued interest and charges relating to the Mezzanine Loan amounted to approximately HK$3,378 million and approximately HK$163 million, respectively, and were included in the Group's interest-bearing bank and other borrowings and accruals and other payables, respectively.

As at 30 June 2020, a subsidiary of the Group was a defendant in a lawsuit brought by a contractor of the Group's properties in the PRC for the settlement of outstanding construction costs. The court judgement was issued in October 2020 and the Group is required to settle the outstanding sum in full plus overdue interest. As at the date of this announcement, the Group is in the process of appealing the judgement. However, the full amount of the outstanding construction costs and the related overdue interest aggregating to HK$422,849,000 were fully provided by the Group as at 30 June 2020. In addition, as a result of this lawsuit, the Group's buildings and leasehold land with an aggregate amount of HK$1,345,984,000 as at 30 June 2020 were preserved by the relevant court as a property preservation measure.

On 16 September 2020, the Group received a writ of summons from the High Court of Hong Kong regarding the construction payable in the amount of HK$40,000,000 plus interests due to a contractor by Smart Edge. As at the date of this announcement, the Group is in the process of negotiating with the contractor for the settlement of the outstanding sum and the full amount of the outstanding construction costs of HK$40,000,000 was provided by the Group as at 30 June 2020.

CONTINGENT LIABILITIES

As at 30 June 2020, the facilities granted to certain subsidiaries of the Company engaging in the businesses of property development, property investment and provision of factoring services, which are subject to guarantees given to the banks and financial institution by the Company for up to 60% and 100% (30 June 2019: 60% and 100%) of the funds drawn down, had been utilized to the extent of HK$14,316.1 million (30 June 2019: HK$14,330.5 million).

PLEDGE OF ASSETS

As at 30 June 2020, the Group's secured bank and other borrowings were secured by the following assets of the Group:

(i) the investment properties with an aggregate carrying value of HK$15,000.0 million;

(ii) the properties under development which were reclassified to assets of a disposal group classified as held for sale with an aggregate carrying value of HK$7,000.0 million;

(iii) floating charges over all assets and entire share capital of Smart Edge, Cheng Mei, Goal Eagle, Rich Fast, Goldin Factoring Limited and Goldin Logistic (Hong Kong) Limited; and

(iv) entire share capital of Goldin Logistics Holdings Limited, Goldin Factoring Holdings Limited, Gold Podium Limited, Dynasty Select Limited, Country Lofty Limited, Eagle Dynasty Investments Limited, Goldcourt International Limited and Goldin Factoring (China) Development Limited.

PROSPECT

The overall business environment in Hong Kong and China is expected to remain challenging in the short term. The adverse impacts to economies brought by the outbreak of COVID-19 pandemic and the uncertainties arising from the escalating trade tensions between China and the United States of America is expected to continually cause pressure on the Group's businesses. In such turbulent time, the Group will adhere to a prudent approach to manage its business and strategies.

In July 2020, the Company disposed of the Kai Tak residential development project. This disposal immediately brought in fresh capital to the Group and relieved the Group from the future business and financial risks associated with the development of project.

In view of the rising of capital cost and risks exposure in relation to the factoring operation, the Group decided to dispose of the factoring business and re-allocate the management and financial resources of the Group to strengthen its remaining business. On 2 September 2020, the Group entered into a term sheet with an independent third party to dispose of the factoring operation at a cash consideration of approximately HK$2,050.0 million. The disposal is expected to be completed in February 2021. The disposal would result in derecognition of bank borrowing from the factoring subsidiary which, together with the proceeds arising therefrom, would help to strengthen the financial flexibility of the Group as a whole.

On 29 September 2020, the Company entered into the Provisional SPA with the Purchaser to conditionally sell and assign the entire issued share capital of Cheng Mei and Goal Eagle and the debts owing by them to the Group at an aggregate consideration of HK$14.3 billion. Cheng Mei and Goal Eagle altogether hold 100% of the issued share capital of Smart Edge, which in turns holds the Group's investment properties, namely Goldin Financial Global Centre. On 23 December 2020, it was confirmed to the Group by the receivers of Smart Edge that the receivers and the Purchaser had entered into a sale and purchase agreement in respect of all the ordinary shares of Smart Edge. The receivers have informed the Company that (i) the funds to be received by the receivers pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness in relation to the Senior Notes and the Mezzanine Loan in full; and (ii) the Purchaser has paid very substantial non-refundable deposits pursuant to the terms of the SE Disposal Agreement. The Purchaser informed the Group of the termination of the Provisional SPA on 28 December 2020.

The Board is confident that once the SE Disposal Agreement has been duly completed, all legal proceedings relating to the Senior Notes and the Mezzanine Loan, as well as the Winding-Up Petition will be resolved amicably.

While the Group continues to dedicate its efforts to maximise returns to shareholders, it will closely monitor the market sentiment, evaluate its business and opportunities on hand and make appropriate adjustments accordingly. The Group may also consider to pursuit opportunities for further business developments or realise its assets if thought fit with a view to enhancing its financial flexibility. Besides, the Group will consider engaging in fund raising activities such as share placing with a view to improving the Group's liquidity and financial position.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2020, the Group employed a total of 315 employees (as at 30 June 2019: 306). Total staff costs were approximately HK$155.8 million (30 June 2019: approximately HK$154.0 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels in order to achieve the Group's business performance targets.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Wong Wai Leung Joseph as chairman as well as Mr. Tang Yiu Wing and Ms. Gao Min as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed the audits and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 30 June 2020.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2020 as set out in this announcement have been agreed by the Company's external auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of independent auditor's report issued by the Company's independent auditor on the consolidated financial statements of the Company:

"We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters and the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, as at 30 June 2020, bank and other borrowings of approximately HK$10,178 million and accrued interest and charges payables of approximately HK$376 million owed by three wholly-owned subsidiaries of the Group were in default and repayable on demand (collectively the "**Defaulted Borrowings**"). The Group's failure to repay the Defaulted Borrowings also constituted an event of default of another bank loan of approximately HK$1,978 million as at 30 June 2020 (the "**Other Bank Loan**"), which as a consequence, became repayable on demand. Subsequent to the end of the reporting period, the security agents of the Defaulted Borrowings have appointed receivers to take control of the three subsidiaries and the investment properties of the Group which are pledged as collateral to the Defaulted Borrowings. In addition, the security agent of one of the Defaulted Borrowings presented a petition (the "**Winding-up Petition**") and took out an application (the "**JPL Application**") to the Bermuda court for the winding-up and appointment of joint provisional liquidators of the Company, respectively.

In addition, the Group incurred a loss for the year of approximately HK$7,464 million for the year ended 30 June 2020 and, as of that date, had net current liabilities of approximately HK$5,752 million and capital commitments of approximately HK$4,342 million as disclosed in note 39(a) to the consolidated financial statements.

The above conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(i) successfully completing the proposed disposals of Smart Edge Limited and the factoring business of the Group as further disclosed in notes 2.1 and 46 to the consolidated financial statements, in accordance with the terms and conditions, amounts and timing anticipated by the Company and using the sale proceeds to repay the Defaulted Borrowings and the Other Bank Loan;

(ii) successfully obtaining agreement with the lenders and the receivers of the Defaulted Borrowings for the settlement arrangement of the Defaulted Borrowings and the settlement of all legal proceedings, which include, inter alia, the withdrawal of the Winding-up Petition and the JPL Application against the Company;

(iii) successfully obtaining the agreement from the lender of the Other Bank Loan that they will not demand for the immediate repayment of the Other Bank Loan; and

(iv) successfully obtaining other financial resources, including but not limited to advances from its controlling shareholder and/or companies controlled by its controlling shareholder so as to enable the Group to have adequate working capital during the year ending 30 June 2021 and to repay its matured and maturing debts from time to time.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Impairment assessment of trade receivables from the Group's factoring business

As at 30 June 2020, the Group had trade receivables from the provision of factoring services amounting to approximately HK$3,676 million. The Group had also recognised impairment losses of approximately HK$25 million for these trade receivables as at 30 June 2020, of which approximately HK$19 million was charged to profit or loss for the year ended 30 June 2020. The provision of factoring services is carried out by a wholly-owned subsidiary of the Group registered in the People's Republic of China.

The Group provides factoring services to its factoring customers through the purchase of the trade receivables owned by these factoring customers. Under this arrangement, the factoring customers collect the trade receivables on behalf of the Group. During the year ended 30 June 2020, the Group experienced delays in the receipt of settlements of the receivables and there was a trend of increasing past due balances when compared to the past settlement history. Though subsequent settlements of certain of these trade receivables were noted after the end of the reporting period, we noted that continuous factoring financing was made to these factoring customers. As the Group collects the trade receivables through the factoring customers, their financial condition would impact the Group's ability to collect the trade receivables. We were unable to obtain sufficient relevant information regarding the financial position of the factoring customers.

Accordingly, we were unable to ascertain whether the impairment assessment on such trade receivables as at 30 June 2020 and for the year then ended had taken into account sufficient and appropriate risk factors associated with the factoring customers. Any adjustments in respect of the Group's impairment assessment of the trade receivables from its factoring business would have a consequential impact on the Group's net assets as at 30 June 2020 and its financial performance for the year then ended.

Impairment assessment of a prepayment for the acquisition of a subsidiary

As disclosed in note 41(e) to the consolidated financial statements, in September 2019, the Group entered into a sale and purchase agreement with Goldin Investment Intermediary Limited ("**GIIL**"), a company 60%-owned by the Company's controlling shareholder, pursuant to which the Group conditionally agreed to purchase from GIIL the entire equity interest in Solar Time Developments Limited ("**Solar Time**") at a cash consideration of approximately HK$4,598 million (the "**Solar Time Acquisition**"), subject to adjustment. Solar Time and its subsidiary are principally engaged in property investment and the principal asset is a commercial property under development in Kowloon Bay, Hong Kong.

The Solar Time Acquisition was approved by the independent shareholders of the Company in the special general meeting held on 18 December 2019. As at 30 June 2020 and at the date of approval of the consolidated financial statements, this acquisition has not been completed. Up to 30 June 2020, approximately HK$640 million had been paid by the Group to GIIL as a prepayment in relation to the Solar Time Acquisition.

We were unable to obtain sufficient relevant evidence to ascertain the financial capability of GIIL to complete the Solar Time Acquisition or refund the prepayment made by the Group should the acquisition not be completed. In this respect, we were unable to satisfy ourselves as to whether any provision is required to be made against the above prepayment as at 30 June 2020. Any adjustments in respect of the Group's impairment assessment of the prepayment for the Solar Time Acquisition would have a consequential impact on the Group's net assets as at 30 June 2020 and its financial performance for the year then ended."

The independent auditor's report will be included in the 2019/20 annual report.

THE MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION

As stated in the section headed "EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT" above, there are multiple uncertainties relating to going concern, and scope limitation on the Group's impairment assessment of trade receivables from the factoring business and prepayment for the acquisition of a subsidiary.

To address the disclaimer of opinion and with a view of removing audit qualifications for the coming year ending 30 June 2021, the Company has taken the followings steps:

Multiple uncertainties relating to going concern

(i) the management expects to complete the proposed disposal of Smart Edge within the 1st half of 2021. The receivers have informed the Company that (i) the funds to be received by the receivers pursuant to the SE Disposal Agreement will be sufficient to settle all outstanding indebtedness in relation to the Senior Notes and the Mezzanine Loan in full; and (ii) the Purchaser has paid very substantial non-refundable deposits pursuant to the terms of the SE Disposal Agreement. The Board is confident that once the SE Disposal Agreement has been duly completed, all legal proceedings relating to the Senior Notes and the Mezzanine Loan, as well as the Winding-Up Petition will be resolved amicably.

(ii) in relation to the disposal of Goldin Factoring and its subsidiary, the Group actively cooperates with Factoring Business Buyer for the due diligence exercise and expects to complete such disposal in February 2021. The proceeds arising from the disposal will be used for the settlement of the Group's bank borrowings and as general working capital requirements.

(iii) the Group maintains a borrowing facility of US$500 million (equivalent to HK$3,875.1 million) from a related company in which Mr. Pan, the controlling shareholder of the Company, has a beneficial interest. None of the amount of the facility had been utilised as at 30 June 2020. The Directors consider that the Group can utilise this facility to obtain adequate working capital for financing the business development of the Group for the year ending 30 June 2021.

Taking into account the above actions, the Directors believe that the Group will have sufficient working capital to meet its obligations falling due within the next twelve months from the financial reporting date, and are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 30 June 2020 on a going concern basis.

Impairment assessment of trade receivables from the Group's factoring business

The management of the Company monitors the repayment progress and the financial conditions of the factoring customers on an ongoing basis. The factoring customers are with good repayment records with no history of default. The Directors consider that the trend of increasing past due balances for the year ended 30 June 2020 was temporary as a result of the outbreak of COVID-19 pandemic, and sufficient impairment losses for the factoring receivables was provided in the financial statements for the year ended 30 June 2020. The Directors are confident that the outstanding receivables at 30 June 2020 will be recovered gradually. Besides, the Group had entered into a legally binding term sheet to dispose of the factoring business in September 2020, which is currently expected to be completed in February 2021. The outstanding factoring receivables will be recovered through the sale of the Factoring Group should the Group successfully complete the disposal.

Impairment assessment of a prepayment for the acquisition of a subsidiary

On 28 October 2020, the Group and GIIL entered into the Confirmatory Deed, pursuant to which, among other things, GIIL agreed that completion of the acquisition of Solar Time be extended to the third business day after a written notice is served on GIIL by the Group of its intention and readiness to complete the acquisition. As the management expects to complete the proposed disposals of Smart Edge and the factoring business within 1st half of 2021, and in view of the undertaking provided by Mr. Pan that the Group could settle the outstanding consideration for the acquisition by way of a shareholder's loan, if necessary, by utilising a loan facility provided by a company controlled by him, the Group will have sufficient resources to settle the outstanding consideration for the acquisition for Solar Time. Based on the above, the Directors believe that the acquisition of Solar Time can be completed on or before 30 June 2021 and accordingly no impairment of the prepayment is needed.

The Company has considered the auditor's rationale and understands their considerations in arriving at the disclaimer of opinion. Based on the assessment above, the management of the Company believes that the Group will be able to resolve the issues in relation to the disclaimer of opinion in the forthcoming financial year for the year ending 30 June 2021.

The Audit Committee has carefully reviewed the basis of the disclaimer of opinion and discussed with the auditor regarding the financial position of the Group, the measures taken and to be taken by the Company, and considered the auditor's rationale and understands their consideration in arriving at their opinion. The Audit Committee has also reviewed the management's position above and agree with such position addressing the issues.

CORPORATE GOVERNANCE

The Company strives to uphold recognized corporate governance practices to enhance the long-term benefits and interests of the shareholders of the Company and to strengthen the Group's performance. Throughout the year ended 30 June 2020, the Company has complied with all the code provisions ("**Code Provisions**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the deviations with considered reason as explained below.

Paragraph A.4.1 of the Code Provisions stipulated that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the Company's annual general meeting in accordance with the provisions of the bye-laws of the Company. The Board believes that such practice would offer stability at the Board level whilst independence is safeguarded by the statutory provisions by way of rotation, retirement and re-election subject to the shareholders' approval. Thus, the Board considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the Corporate Governance Code.

Pursuant to paragraph E.1.2 of the Code Provisions, the chairman of the board should attend the annual general meeting. Due to other business engagements, the Chairman of the Board was unable to attend the 2019 AGM. There were other executive Directors and the independent non-executive Directors present at the meeting for the question-and-answer session to ensure effective communication with the shareholders of the Company.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Company for the year ended 30 June 2020 containing all the information required by the Listing Rules is expected to be despatched to the shareholders of the Company and published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.goldinfinancial.com by 21 January 2021.

By order of the Board
Goldin Financial Holdings Limited
高銀金融（集團）有限公司*
Hui Wai Man, Shirley
Executive Director

Hong Kong, 14 January 2021

As at the date of this announcement, the Board comprises Mr. Pan Sutong, JP (Chairman), Mr. Zhou Xiaojun, Mr. Huang Rui and Ms. Hui Wai Man, Shirley as the Executive Directors; and Hon. Shek Lai Him Abraham (GBS, JP), Mr. Wong Wai Leung Joseph, Mr. Tang Yiu Wing and Ms. Gao Min as the Independent Non-executive Directors respectively.

* *for identification purposes only*